

PERFORMANCE CONTRACTING

COUNTY OF HAWAII

- The County of Hawaii embarked on its Performance Contracting program in 1995.
- Prior to that date energy audits had been carried out for some larger County facilities but no retrofits had been carried out due mainly to budgetary constraints.
- Performance contracting opened up the possibility of generating project funding without using CIP funds.
- Another attraction was that the ESCO would carry out all aspects of project management including design, installation and maintenance and would also provide guaranteed savings.
- A consultant, Steve Harding, was retained to help in drafting and implementing the RFP.

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- The Hawaii County Building in Hilo was selected for a demonstration retrofit by performance contract.
- The project was financed through a tax exempt municipal lease - \$460,000 at 5.95% interest.
- Lighting systems were upgraded and the two 30-year old CFC chillers were replaced with smaller, more efficient, units.
- Installation proceeded with minimal impact on the occupants and was completed in February 1997.
- Guaranteed annual savings of \$60,000 were realized for the six post-retrofit years to date.

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- As a result of the successful retrofit of the Hawaii County Building Hilo, a master performance contract was developed to permit retrofitting of more facilities.
- The next project consisted of lighting upgrades to 27 Fire and Police stations located on a 300-mile circle around the Big Island.
- The project was financed via a 10-year municipal lease for \$403,000 at 5.3% interest.
- Annual Savings of \$51,000 were realized.

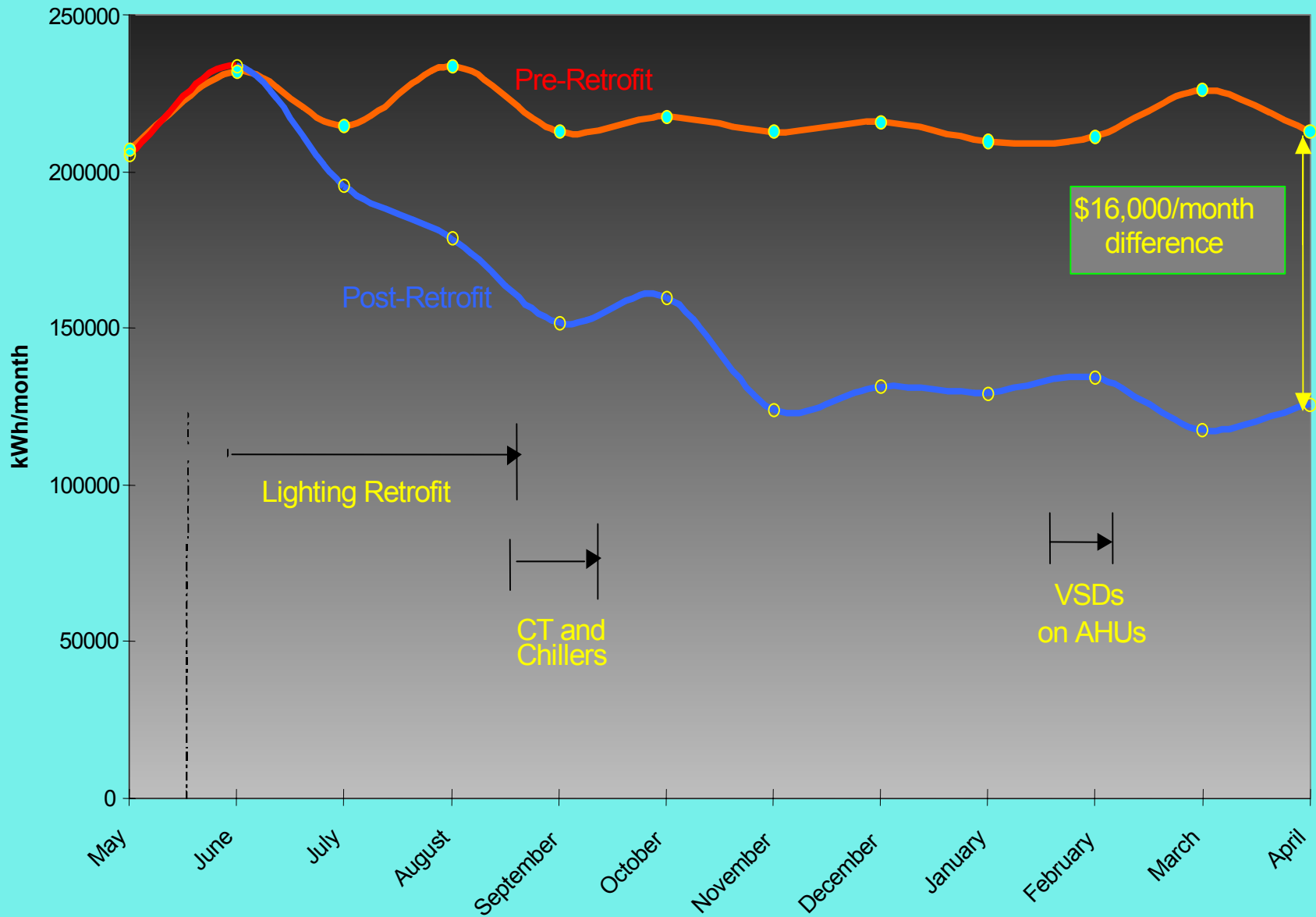
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- The next project was to retrofit the Hilo Public Safety Building and the Kona Police Station.
- This project was financed through a tax exempt municipal lease - \$930,000 at 5.72% interest.
- The retrofit consisted mainly of upgrades to the lighting systems, chiller and cooling tower replacements, VSDs on the air handler units and a heat pump for water heating.
- Installation proceeded with no negative impacts on the occupants and was completed in October 2001.
- Guaranteed annual savings of \$140,000 were achieved for the first post-retrofit year.

Electricity Savings at Hilo Public Safety Building

March 01 to April 02



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**The overall results of the performance contracting
projects carried out to date are:**

- **Capital Cost:** **\$2,300,000**
- **Annual Energy Cost Savings:** **\$ 250,000**
- **Annual Lease Payments:** **\$ 235,000**

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BENEFITS

- Provides a source of funding - **THE JOB GETS DONE!**
- Guarantees project savings
- Facilitates all aspects of project implementation in a responsible design/build/commission scenario
- No change orders
- Includes post-installation maintenance
- Reduces in-house maintenance work load
- Proper disposal of hazardous wastes
- Generates utility DSM rebates

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LESSONS LEARNED

- Need a ‘champion’ to coordinate and drive timely implementation
- Many departments involved - Owner, Administration, Legal, Procurement, Accounting, Public Works
- Involves contract documentation that is different from normal spec/bid process
- Demarcation of maintenance responsibilities
- Correct basis for calculating savings
- Ensure Contractor responsible for interest during construction in the event of late project completion
- Contracts need to be monitored over a long time span
- Better suited to more complex retrofits than to lighting retrofits